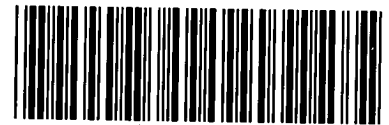


**REGISTRAR'S  
COPY**

Company Registration No. SC167475 (Scotland)

**BROWN & TAWSE STEELSTOCK LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 3 APRIL 2016**

THURSDAY



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22/12/2016

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COMPANIES HOUSE

# BROWN & TAWSE STEELSTOCK LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	I Harding	
	D G Lawrie	
	T S Wilson	
	P J Bailey	(Appointed 7 October 2016)
	M R Clarke	(Appointed 7 October 2016)
<b>Secretary</b>	I Harding	
<b>Company number</b>	SC167475	
<b>Registered office</b>	Fowler Road West Pitkerro Industrial Estate Broughty Ferry Dundee DD5 3RU	
<b>Auditor</b>	Haines Watts Farnborough LLP 30 Camp Road Farnborough Hampshire GU14 6EW	

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# BROWN & TAWSE STEELSTOCK LIMITED

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# BROWN & TAWSE STEELSTOCK LIMITED

## STRATEGIC REPORT

**FOR THE PERIOD ENDED 3 APRIL 2016**

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The directors present the strategic report for the period ended 3 April 2016.

### Principal activities and review of the business

The principal activity of the company continued to be that of a stockholder of general steels, based in Dundee, Aberdeen and Leeds, providing a full range of on site value added services including sawing, drilling, laser-cutting, shotblasting and painting.

The principal activity of its main trading subsidiary was that of the processing and supply of steel.

Turnover for the period was £14.5m compared with £15.8 in 2014/15. The decrease in turnover was due to the steep fall in steel prices throughout the financial year, which more than offset an increase in volumes.

Gross margins were 32.5% of sales, compared to 30.3% in the previous period, reflecting the success achieved in improving our sourcing of steel products.

Operating profit was £246,844 (£455,355 in 2014/15), before charging £248,057 of one-off costs associated with the relocation of the Premier Lasertube division to larger premises in Leeds. The directors believe this to be very creditable outcome, given the decline in stock values during the year. Indeed, the company has out-performed many of its peers in the stockholding industry by reason of its broad customer base and the lack of concentration in a narrow range of market sectors.

Stocks have decreased by £774,361 due to the decline in steel prices and to shorter supply chain lead-times. The company continues to have a strong balance sheet with shareholders funds of £4.16m.

The range of products and stock levels held in the business are both kept under regular review in order to maximise customer service and to pursue beneficial purchasing strategies.

The board continues to approve capital investment, both to maintain the fabric and operating capacity of the business and, equally importantly, to develop into value-added processing. Capital additions in the year totalled over £1.1m.

### Principal risks and uncertainties

As a stockholder, the company is exposed to fluctuating raw material prices; in order to minimise its exposure to price fluctuations it normally places purchase contracts on a quarterly basis and in any event does not enter into forward purchase contracts lasting more than six months.

### Future developments

Whilst the steel industry in the UK and Europe still has a long way to go to recover the volumes last seen in 2007/08, the company has continued to emerge in good shape from the recession. In the second quarter of 2016 steel prices started to recover from the unsustainable lows reached in the first quarter. Demand continues to be steady and, with increasing market prices the directors are expecting a satisfactory trading result in the 2016/17 financial year.

On behalf of the board



I Harding

Director

Dated: 20/12/16

# BROWN & TAWSE STEELSTOCK LIMITED

## DIRECTORS' REPORT

**FOR THE PERIOD ENDED 3 APRIL 2016**

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The directors present their annual report and financial statements for the period ended 3 April 2016.

### Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

I Harding  
D G Lawrie  
T S Wilson  
P J Bailey  
M R Clarke

(Appointed 7 October 2016)

(Appointed 7 October 2016)

### Results and dividends

The results for the period are set out on page 5.

An ordinary dividend was paid by the company amounting to £64,000 (2015 - £64,000).

### Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



I Harding

Director

Dated: 20/12/16

# **BROWN & TAWSE STEELSTOCK LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF BROWN & TAWSE STEELSTOCK LIMITED**

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We have audited the financial statements of Brown & Tawse Steelstock Limited for the period ended 3 April 2016 set out on pages 5 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 3 April 2016 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

# **BROWN & TAWSE STEELSTOCK LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF BROWN & TAWSE STEELSTOCK LIMITED**

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#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**Andrew Parsons (Senior Statutory Auditor)**  
for and on behalf of Haines Watts Farnborough LLP

21 December 2016

**Chartered Accountants**  
**Statutory Auditor**

30 Camp Road  
Farnborough  
Hampshire  
GU14 6EW

# BROWN & TAWSE STEELSTOCK LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 3 APRIL 2016

	Notes	Period ended 3 April 2016 £	Period ended 5 April 2015 £
Turnover	2	14,480,520	15,779,898
Cost of sales		(9,778,816)	(10,991,297)
<b>Gross profit</b>		<b>4,701,704</b>	<b>4,788,601</b>
Distribution costs		(49,556)	(19,220)
Administrative expenses		(4,405,304)	(4,314,026)
<b>Operating profit</b>	<b>3</b>	<b>246,844</b>	<b>455,355</b>
Interest payable and similar charges	7	(100,813)	(95,102)
Amounts written off investments	8	(188,916)	(100,000)
Exceptional item	4	(248,057)	-
<b>(Loss)/profit before taxation</b>		<b>(290,942)</b>	<b>260,253</b>
Taxation	9	2,928	(2,928)
<b>(Loss)/profit for the financial period</b>		<b>(288,014)</b>	<b>257,325</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.



# BROWN & TAWSE STEELSTOCK LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

*FOR THE PERIOD ENDED 3 APRIL 2016*

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	Period ended 3 April 2016 £	Period ended 5 April 2015 £
(Loss)/profit for the period	(288,014)	257,325
Other comprehensive income	-	-
Total comprehensive income for the period	<u>(288,014)</u>	<u>257,325</u>

# BROWN & TAWSE STEELSTOCK LIMITED

## BALANCE SHEET

AS AT 3 APRIL 2016

	Notes	2016 £	£	2015 £	£
<b>Fixed assets</b>					
Tangible assets	11	2,940,835		2,198,608	
Investments	12	895,040		695,040	
		<u>3,835,875</u>		<u>2,893,648</u>	
<b>Current assets</b>					
Stocks	15	2,746,875		3,521,236	
Debtors falling due after one year	16	3,701,690		3,500,310	
Debtors falling due within one year	16	3,207,382		3,304,199	
		<u>9,655,947</u>		<u>10,325,745</u>	
<b>Creditors: amounts falling due within one year</b>	17	<u>(7,043,252)</u>		<u>(7,300,912)</u>	
<b>Net current assets</b>		<u>2,612,695</u>		<u>3,024,833</u>	
<b>Total assets less current liabilities</b>		<u>6,448,570</u>		<u>5,918,481</u>	
<b>Creditors: amounts falling due after more than one year</b>	18	<u>(2,288,014)</u>		<u>(1,405,911)</u>	
<b>Net assets</b>		<u><u>4,160,556</u></u>		<u><u>4,512,570</u></u>	
<b>Capital and reserves</b>					
Called up share capital	22	1,000,000		1,000,000	
Revaluation reserve		145,431		145,431	
Profit and loss reserves		3,015,125		3,367,139	
<b>Total equity</b>		<u><u>4,160,556</u></u>		<u><u>4,512,570</u></u>	

The financial statements were approved by the board of directors and authorised for issue on 20/12/16 and are signed on its behalf by:



I Harding  
Director

Company Registration No. SC167475

# BROWN & TAWSE STEELSTOCK LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 3 APRIL 2016

	Notes	Share capital £	Revaluation reserve £	Profit and loss reserves £	Total £
<b>Balance at 7 April 2014</b>		1,000,000	145,431	3,173,814	4,319,245
<b>Period ended 5 April 2015:</b>					
Profit and total comprehensive income for the period		-	-	257,325	257,325
Dividends	10	-	-	(64,000)	(64,000)
<b>Balance at 5 April 2015</b>		1,000,000	145,431	3,367,139	4,512,570
<b>Period ended 3 April 2016:</b>					
Loss and total comprehensive income for the period		-	-	(288,014)	(288,014)
Dividends	10	-	-	(64,000)	(64,000)
<b>Balance at 3 April 2016</b>		1,000,000	145,431	3,015,125	4,160,556

# BROWN & TAWSE STEELSTOCK LIMITED

## STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 3 APRIL 2016

	Notes	2016 £	£	2015 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	30	1,055,802		307,351	
Interest paid		(100,813)		(95,102)	
Income taxes paid		-		(1,567)	
<b>Net cash inflow from operating activities</b>		<u>954,989</u>		<u>210,682</u>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(263,958)		(318,270)	
Proceeds on disposal of tangible fixed assets		-		43,375	
<b>Net cash used in investing activities</b>		<u>(263,958)</u>		<u>(274,895)</u>	
<b>Financing activities</b>					
Repayment of borrowings		-		(60,000)	
Payment of finance leases obligations		(273,060)		(86,759)	
Dividends paid		(64,000)		(64,000)	
<b>Net cash used in financing activities</b>		<u>(337,060)</u>		<u>(210,759)</u>	
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>353,971</u>		<u>(274,972)</u>	
Cash and cash equivalents at beginning of period		(2,498,770)		(2,223,798)	
<b>Cash and cash equivalents at end of period</b>		<u>(2,144,799)</u>		<u>(2,498,770)</u>	
<b>Relating to:</b>					
Bank overdrafts included in creditors payable within one year		<u>(2,144,799)</u>		<u>(2,498,770)</u>	

# BROWN & TAWSE STEELSTOCK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 3 APRIL 2016

---

### 1 Accounting policies

#### Company information

Brown & Tawse Steelstock Limited is a company limited by shares incorporated in Scotland. The registered office is Fowler Road, West Pitkerro Industrial Estate, Broughty Ferry, Dundee, DD5 3RU.

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of buildings.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These financial statements for the period ended 3 April 2016 are the first financial statements of Brown & Tawse Steelstock Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 7 April 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Brown & Tawse Steelstock Limited is a wholly owned subsidiary of Steelstock UK Limited and the results of Brown & Tawse Steelstock Limited are included in the consolidated financial statements of Steelstock UK Limited which are available from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.

#### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Turnover

Income from the sale of steel is recognised at the date of invoice net of VAT and trade discount.

#### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Buildings (freehold)	2% on cost
Plant and machinery	10% - 20% on cost
Fixtures, fittings & equipment	20% - 33% on cost
Motor vehicles	20% - 33% on cost

# BROWN & TAWSE STEELSTOCK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 3 APRIL 2016

---

### 1 Accounting policies

(Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

#### 1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### 1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

# BROWN & TAWSE STEELSTOCK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 3 APRIL 2016

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### 1 Accounting policies

(Continued)

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### **1.10 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### **1.11 Retirement benefits**

The company operates a defined contribution scheme for the benefit of its employees and directors. Contributions payable are charged to the profit and loss account in the period they are payable.

# BROWN & TAWSE STEELSTOCK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 3 APRIL 2016

### 1 Accounting policies

(Continued)

#### 1.12 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

#### 1.13 Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

### 2 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2016 £	2015 £
<b>Turnover</b>		
Sale of steel	14,480,520	15,779,898

#### Turnover analysed by geographical market

	2016 £	2015 £
United Kingdom	14,480,520	15,779,898

### 3 Operating profit

	2016 £	2015 £
Operating profit for the period is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	16,750	15,751
Depreciation of owned tangible fixed assets	174,234	179,863
Depreciation of tangible fixed assets held under finance leases	184,797	134,977
Profit on disposal of tangible fixed assets	-	(9,250)
Cost of stocks recognised as an expense	9,778,816	10,991,297



# BROWN & TAWSE STEELSTOCK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 3 APRIL 2016

### 4 Exceptional item

Included in administrative expenses is £248,057 (2015 - £nil) in respect of one off costs relating to the relocation of the Leeds premises.

### 5 Employees

The average monthly number of persons (including directors) employed by the company during the period was:

	2016 Number	2015 Number
Administration	6	6
Selling and distribution	71	66
	<u>77</u>	<u>72</u>

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	1,904,884	1,702,040
Social security costs	179,174	155,923
Pension costs	88,209	176,744
	<u>2,172,267</u>	<u>2,034,707</u>

### 6 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	90,467	133,980
Company pension contributions to defined contribution schemes	10,125	112,525
	<u>100,592</u>	<u>246,505</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2015 - 3).

# BROWN & TAWSE STEELSTOCK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 3 APRIL 2016

### 7 Interest payable and similar charges

	2016 £	2015 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on finance leases and hire purchase contracts	25,590	18,987
Other interest on financial liabilities	75,223	76,115
	<u>100,813</u>	<u>95,102</u>

### 8 Amounts written off investments

	2016 £	2015 £
Other gains and losses	(188,916)	(100,000)

Reversals of previous impairment losses have been recognised in profit or loss as follows: Included in Amounts written off investments is £283,498 (2015 - £nil) in respect of the write back of an impairment made in previous years against an investment in a subsidiary. The circumstances requiring the need for such a provision have been reviewed during the period and as a result the impairment against the investment cost of £200,000 and the impairment of £83,498 against the financial asset have been reversed. In addition an impairment review was made of another subsidiary company, Two Saints Property Company Limited, which is now in administration, as a result a full impairment has been made of £472,414 (2015 - £nil) has been made.

### 9 Taxation

	2016 £	2015 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	-	2,928
Adjustments in respect of prior periods	(2,928)	-
Total current tax	<u>(2,928)</u>	<u>2,928</u>

# BROWN & TAWSE STEELSTOCK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 3 APRIL 2016

### 9 Taxation

(Continued)

The actual charge for the period can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2016 £	2015 £
(Loss)/profit before taxation	(290,942)	260,253
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)	(58,188)	52,051
Tax effect of expenses that are not deductible in determining taxable profit	379	20,656
Tax effect of income not taxable in determining taxable profit	-	(1,850)
Unutilised tax losses carried forward	2,169	-
Adjustments in respect of prior years	(2,928)	-
Group relief	77,099	(29,878)
Permanent capital allowances in excess of depreciation	(59,242)	(39,365)
Other permanent differences	37,783	-
Other tax adjustments	-	1,314
Tax expense for the period	(2,928)	2,928

There is a potential unrecognised deferred liability of £138,418 (2015 - £135,065) in respect of the excess of capital allowances over depreciation. No provision has been made for this as this is not considered to be material and it is expected to diminish in the future.

### 10 Dividends

	2016 £	2015 £
Final paid	64,000	64,000

# BROWN & TAWSE STEELSTOCK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 3 APRIL 2016

### 11 Tangible fixed assets

	Buildings (freehold)	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost or valuation</b>					
At 6 April 2015	691,038	3,578,600	45,724	1,025,436	5,340,798
Additions	152,048	949,210	-	-	1,101,258
At 3 April 2016	843,086	4,527,810	45,724	1,025,436	6,442,056
<b>Depreciation and impairment</b>					
At 6 April 2015	68,862	2,404,492	44,809	624,027	3,142,190
Depreciation charged in the period	11,676	224,852	643	121,860	359,031
At 3 April 2016	80,538	2,629,344	45,452	745,887	3,501,221
<b>Carrying amount</b>					
At 03 April 2016	762,548	1,898,466	272	279,549	2,940,835
At 05 April 2015	622,176	1,174,108	915	401,409	2,198,608

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2016 £	2015 £
Plant and machinery	1,524,069	724,038
Motor vehicles	204,820	272,647
	1,728,889	996,685
Depreciation charge for the period in respect of leased assets	184,797	134,977

In November 2012 the freehold building was revalued to £600,000 on an open market value basis. The valuation was carried out by an external qualified chartered surveyor on the assumption that the property remains in essentially the same condition as that found in the previous valuation in November 2009. The directors are not aware of any material change in value since the external valuation was made.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2016 £	2015 £
Cost	728,086	576,038
Accumulated depreciation	107,164	95,345
Carrying value	620,922	480,693

# BROWN & TAWSE STEELSTOCK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 3 APRIL 2016

### 12 Fixed asset investments

	Notes	2016 £	2015 £
Investments in subsidiaries	13	895,040	695,040

#### Fixed asset investments not carried at market value

Investments in subsidiaries are measured at cost, with consideration given to any impairment.

#### Movements in fixed asset investments

	Shares in group undertakings £
<b>Cost or valuation</b>	
At 6 April 2015 & 3 April 2016	926,096
<b>Impairment</b>	
At 6 April 2015	231,056
Reversal of impairment	(200,000)
At 3 April 2016	31,056
<b>Carrying amount</b>	
At 03 April 2016	895,040
At 05 April 2015	695,040

During the period an impairment review was undertaken of the subsidiary investments. Due to a change in circumstances the impairment provision of £200,000 against Osborne Terrace Limited was no longer considered necessary, the impairment was reversed to bring the investment back to cost.

The investment in Two Saints Property Company Limited had been fully impaired in previous years and an administrator was appointed on 7 April 2016. The associated long term debtor owed to the company was fully provided for, as detailed in note 8.

# BROWN & TAWSE STEELSTOCK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 3 APRIL 2016

### 13 Subsidiaries

Details of the company's subsidiaries at 3 April 2016 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held	
			Direct	Indirect
Harbour Engineering (Aberdeen) Limited	Scotland	Non trading	Ordinary	100.00
Brown & Wilson Steels Ltd	Scotland	Steel stockholder	Ordinary	80.00
Dutton Group Limited	England and Wales	Non trading	Ordinary	100.00
Sheron Limited	England and Wales	Non trading	Ordinary	100.00
Leah and Rowbotham Limited	England and Wales	Non trading	Ordinary	100.00
Osborne Terrace Limited	Scotland	Rental of commercial property	Ordinary A, B & C	87.50
Two Saints Property Company Limited	Scotland	In administration	Ordinary	100.00
Lotus Steels Ltd	Scotland	Non trading	Ordinary	100.00
Premier Lasertube Ltd	England and Wales	Non trading	Ordinary	80.00
Royton Steelstock Limited	England and Wales	Steel stockholder	Ordinary	100.00

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss)	Capital and Reserves
	£	£
Harbour Engineering (Aberdeen) Limited	-	21,849
Brown & Wilson Steels Ltd	2,578	1,464,381
Dutton Group Limited	-	472,995
Sheron Limited	-	195,018
Leah and Rowbotham Limited	-	10,900
Osborne Terrace Limited	(60,481)	(6,171,719)
Two Saints Property Company Limited	(324,528)	(2,801,949)
Lotus Steels Ltd	-	2
Premier Lasertube Ltd	-	2
Royton Steelstock Limited	321,849	1,320,177

The figures shown above all relate to the period ended 3 April 2016, except those for Osborne Terrace Limited and Two Saints Property Company Limited which relate to the period ended 5 April 2015 and are the latest figures available.

As disclosed in notes 8, 12 and 27, Two Saints Property Company Limited is now in administration.

# BROWN & TAWSE STEELSTOCK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 3 APRIL 2016

### 14 Financial instruments

	2016 £	2015 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	6,684,289	6,677,640
Equity instruments measured at cost less impairment	895,040	695,040
	<u>          </u>	<u>          </u>
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	8,181,085	6,900,841
	<u>          </u>	<u>          </u>

### 15 Stocks

	2016 £	2015 £
Finished goods and goods for resale	2,746,875	3,521,236
	<u>          </u>	<u>          </u>

### 16 Debtors

	2016 £	2015 £
<b>Amounts falling due within one year:</b>		
Trade debtors	2,980,099	3,174,330
Other debtors	2,500	3,000
Prepayments and accrued income	224,783	126,869
	<u>          </u>	<u>          </u>
	3,207,382	3,304,199
	<u>          </u>	<u>          </u>
<b>Amounts falling due after one year:</b>		
Amount due from parent undertaking	692,346	690,128
Amounts due from subsidiary undertakings	3,009,344	2,810,182
	<u>          </u>	<u>          </u>
	3,701,690	3,500,310
	<u>          </u>	<u>          </u>
<b>Total debtors</b>	<u>6,909,072</u>	<u>6,804,509</u>

Please refer to notes 8,12 and 27 for further information on the group intercompany balances.

# BROWN & TAWSE STEELSTOCK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 3 APRIL 2016

### 17 Creditors: amounts falling due within one year

	Notes	2016 £	2015 £
Bank loans and overdrafts	19	2,144,799	2,498,770
Obligations under finance leases	20	368,698	200,668
Trade creditors		2,745,605	2,656,844
Corporation tax		-	2,928
Other taxation and social security		513,922	642,845
Other creditors		633,969	138,648
Accruals and deferred income		636,259	1,160,209
		<u>7,043,252</u>	<u>7,300,912</u>

The bank overdraft includes £2,082,285 (2015 - £2,498,770) advanced against trade debtors.

The bank overdraft is secured by a fixed and floating charge over the assets of the company.

The hire purchase liability is secured against the assets concerned.

### 18 Creditors: amounts falling due after more than one year

	Notes	2016 £	2015 £
Obligations under finance leases	20	925,008	528,798
Other borrowings	19	180,000	180,000
Amounts due to group undertakings		1,183,006	697,113
		<u>2,288,014</u>	<u>1,405,911</u>

The other borrowings of £180,000 (2015 - £180,000) are secured by a fixed and floating charge over the assets of the company.

The hire purchase liability is secured against the assets concerned.

### 19 Loans and overdrafts

	2016 £	2015 £
Bank overdrafts	2,144,799	2,498,770
Other loans	180,000	180,000
	<u>2,324,799</u>	<u>2,678,770</u>
Payable within one year	2,144,799	2,498,770
Payable after one year	180,000	180,000



# BROWN & TAWSE STEELSTOCK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 3 APRIL 2016

### 19 Loans and overdrafts

(Continued)

The other loan of £180,000 (2015 - £180,000) is secured by a fixed and floating charge over the assets of the company.

### 20 Finance lease obligations

	2016 £	2015 £
Future minimum lease payments due under finance leases:		
Within one year	409,793	223,486
In two to five years	973,615	554,070
	<u>1,383,408</u>	<u>777,556</u>
Less: future finance charges	(89,702)	(48,090)
	<u>1,293,706</u>	<u>729,466</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery and motor vehicles. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

### 21 Retirement benefit schemes

	2016 £	2015 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>88,209</u>	<u>176,744</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 22 Share capital

	2016 £	2015 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

### 23 Financial commitments, guarantees and contingent liabilities

The company has granted an interest shortfall guarantee of a maximum of £125,000 to the bank on behalf of Osborne Terrace Limited.

# BROWN & TAWSE STEELSTOCK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 3 APRIL 2016

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### 24 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 £	2015 £
Within one year	15,833	56,675

### 25 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2016 £	2015 £
Acquisition of property, plant and equipment	-	717,900

### 26 Events after the reporting date

Since the year end the company has disposed of its interest in its freehold property in Dundee for consideration of £610,000.

Since the balance sheet date, the outstanding loan and interest shortfall guarantee in respect of Osborne Terrace Limited, have been replaced by a bridging loan of £400,000 (repayable on or before 6th April 2017) and loans from the parent company and a fellow subsidiary.

# **BROWN & TAWSE STEELSTOCK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE PERIOD ENDED 3 APRIL 2016**

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### **27 Related party transactions**

The company has taken advantage of the exemption from the requirement to disclose transactions with wholly owned group companies on the grounds that it is a wholly owned subsidiary of Steelstock UK Limited.

Included in debtors due in more than one year at the period end was an amount of £897,555 (2015 - £598,138) due from Brown & Wilson Steels Limited, a subsidiary. The movement during the period is represented by stock transfers from Brown & Wilson Steels Limited of £756,476 (2015 - £1,013,468), stock transfers to Brown & Wilson Steels Limited of £2,063,336 (2015 - £2,462,433), expenses recharged of £231,233 (2015 - £296,194), other movements in the year total £1,238,676 (2015 - £1,745,159).

Included in debtors due in more than one year at the period end was an amount of £nil (2015 - £596,757) due from Two Saints Property Company Limited, a subsidiary. This company is now in administration so a full provision has been made, as detailed in notes 8 and 12.

Included in creditors falling due after more than one year is a loan of £180,000 (2015 - £180,000) due to the Brown & Tawse Steelstock Retirement Benefit Scheme within which the managing trustee is I Harding, director. The movement during the year represents amounts repaid of £nil (2015 - £60,000).

Included in debtors due in over one year is an amount owed from Osborne Terrace Limited, a subsidiary, of £1,505,401 (2015 - £1,029,729). The movement in the period is represented by amounts paid on behalf of Osborne Terrace Limited.

During the period the investment in Osborne Terrace Limited was reviewed and revised, as detailed in note 12.

Included in creditors due in less than one year is an amount owed to Ian Harding, director, of £553,833 (2015 - £667). The movement during the period represents amounts advanced to the Company of £578,769 and amounts withdrawn from the Company of £25,603.

### **28 Controlling party**

The company is a 100% owned subsidiary of Steelstock UK Limited, a company incorporated in England and Wales. The ultimate controlling party is I Harding, by virtue of his majority shareholding in that company.

The consolidated financial statements for Steelstock UK Limited can be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.

### **29 Comparatives**

The comparative figures are for the period from 7 April 2014 to 5 April 2015.

# BROWN & TAWSE STEELSTOCK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 3 APRIL 2016

### 30 Cash generated from operations

	2016 £	2015 £
(Loss)/profit for the year after tax	(288,014)	257,325
<b>Adjustments for:</b>		
Taxation (credited)/charged	(2,928)	2,928
Finance costs	100,813	95,102
Gain on disposal of tangible fixed assets	-	(9,250)
Depreciation and impairment of tangible fixed assets	359,031	314,840
Amounts written off investments	188,916	100,000
<b>Movements in working capital:</b>		
Decrease/(increase) in stocks	774,361	(1,214,246)
(Increase)/decrease in debtors	(493,479)	150,031
Increase in creditors	417,102	610,621
<b>Cash generated from operations</b>	<b>1,055,802</b>	<b>307,351</b>

The presentation of debtors and amounts written off of investments includes non-cash items, as disclosed in note 8.

The purchase of tangible assets is net of £837,300 which have been financed through hire purchase agreements.